

POLICY MANUAL

State Mental Health, Mental Retardation and Substance Abuse Services Board
Department of Mental Health, Mental Retardation and Substance Abuse Services

POLICY 6005(FIN)94-2 Retention of Unspent State Funds by Community Services Boards

Authority	Board Minutes Dated <u>July 27, 1994</u> Effective Date <u>July 1, 1994</u> Approved by Board Chairman <u>/s/ James G. Lumpkin</u>
References	<i>Realizing the Vision: Barriers to an Integrated System</i> State Board Policy 4018(CSB)86-9 Community Services Board Performance Contracts § 37.1-199(a) of the Code of Virginia (1950)
Background	<ul style="list-style-type: none">● Traditionally, the Department has applied year-end balances of unspent state funds at the community services boards (CSBs) to the next year's state fund allocations for CSBs so that the state appropriation and balances equaled state awards. If state balances reported in the fall were below the estimates projected in the previous spring's budget deliberations, a deficit could occur. This happened in FY 1993 and a deficit was averted only by a transfer of funds to the CSB appropriation.● <i>Realizing the Vision: Barriers to an Integrated System</i>, the Visions Task Force report, recommended preserving any unbudgeted and unspent revenues within the system. The Visions Financial Resources Committee proposed amending § 37.1-199(a) of the Code of Virginia so that CSBs could retain unspent revenues to expand and enhance services. The State Board supported this amendment, but it was not introduced, based on a determination that it could be implemented administratively.● The Virginia Association of Community Services Boards and the Department developed a proposal, the basis for this policy, that prevents future deficits, institutes a budget process in which the CSB awards equal the state appropriation, and implements the Visions recommendation.
Purpose	To establish the ability of community services boards to retain balances of unspent state funds in their budgets.

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Policy for CSBs

It is the policy of the State Mental Health, Mental Retardation and Substance Abuse Services Board that:

- community services boards shall be able to retain balances of unspent state general funds after the end of the fiscal year in which the Department granted those funds;
- based on the General Assembly Appropriations Act prohibition against using state funds to supplant the funds provided by local governments for existing services, there should be no reduction of local matching funds as a result of the CSB's retention of any balances of unspent state funds;
- if a CSB delivers less than the levels of services in its final approved Performance Contract, which is an agreement with the Department to provide services for grants of state funds (State Board Policy 4018), while generating significant balances of unspent state funds, it may have to return some of its balances or its state fund allocations in the next fiscal year may be reduced; and
- balances of unspent state general funds ordinarily should be used for one-time obligations, since the circumstances that generate those balances are unpredictable from year to year, unless the CSB is certain that the source of those funds (e.g., savings from a permanent reduction in staffing) can be sustained in future fiscal years, in which case the unspent state funds could be used for ongoing obligations.

This policy does not affect Federal balances or reductions of a CSB's state funds required to match Medicaid State Plan Option or Mental Retardation Waiver over collections.

Policy for Department

It is the policy of the State Mental Health, Mental Retardation and Substance Abuse Services Board that the Department shall:

- allocate only the funds in the CSB state appropriation, without applying estimated year-end balances of unspent state general funds to the next year's CSB awards, beginning with FY 1995;
 - allow CSBs to retain balances of unspent state general funds in accordance with the provisions of this policy; and
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**Policy for
Department
(Continued)**

- apply procedures, which are authorized by § 37.1-199(a) of the Code of Virginia and are consistent with those in the CSB Performance Contract, to retrieve unspent state funds from or reduce future state fund allocations to a CSB that delivers less than the levels of services in its final approved Performance Contract while generating significant balances of unspent state funds.

**Monitoring of
this Policy**

The Financial Services, Community Services Administration, and Budget Offices will implement this policy and will monitor and evaluate its effectiveness.
